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UNCLAS SAN JOSE 000569

SIPDIS

DEPT FOR WHA/CEN JASON MACK

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SUBJECT: LIBERTARIAN MOVEMENT PARTY WILL SUPPORT FREE TRADE  
AGENDA

REF: 05 SAN JOSE 2931

1. Summary: On March 6, Ambassador hosted for breakfast five of the six newly elected legislators from the Libertarian Movement Party (ML) plus one ML candidate who failed to get elected. ML improved its position from fourth party to third party in the Legislative Assembly. The deputies-elect showed a willingness to collaborate with the Arias administration on some of Arias's main policy objectives. The ML will support Arias on CAFTA-DR ratification and on opening state monopolies, but it will oppose the tax increases that Arias wants. End summary.

2. In the first of four planned breakfast meetings with newly elected legislators from each of the four major political parties, Ambassador Langdale hosted five deputies-elect from the Libertarian Movement Party (ML) on March 6. The party won a total of six seats, making it the third largest party in the next Legislative Assembly. A candidate who ultimately failed to get elected was also at the breakfast. While the ML won the same number of seats (six) that it won in 2002, it has leapfrogged the Social Christian Unity Party (PUSC) for third largest party representation. As such, the ML will likely wield power disproportionate to its numbers in the Assembly, since neither the PAC nor the PLN will be able to muster a majority of votes by themselves.

3. Despite the results of February's legislative elections, in which the ML saw smaller-than-anticipated gains over the 2002 election results, the deputies-elect all expressed an ambitious agenda. ML deputies are already taking pains to align themselves with the National Liberation Party (PLN), which will hold a plurality, though not a majority, of the incoming Assembly. With 25 seats in the Assembly, the PLN is four votes shy of an outright majority, and will be obliged to seek issue-based coalitions with the various party factions within the legislature. Given that the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) is one of the PLN's primary objectives, ML leadership knows it is well positioned to negotiate trade-offs in exchange for its cooperation on passing the agreement.

4. From a policy perspective, our breakfast guests toed the party line, and there were few surprises on their agenda for the upcoming legislative term. Identifying the party's key goals as "responsibility, morality and credibility," Evita Arguedas, later chosen as the party's legislative chief, described the ML's "Contract with Costa Rica." Within this "contract" are five principal themes: security, controlling corruption, cost of living, poverty reduction, and government modernization, all of which are addressed at length in the party's published platform. Deputy-elect Mario Quiros stressed the importance of creating an "ownership society" by conveying full title to property occupied by the poor, especially in border areas and in the marginal areas of greater San Jose. Regarding CAFTA-DR, the deputies acknowledged that the opening of Costa Rica's most beloved public institutions, a priority for the ML, will have to be done incrementally, perhaps by opening the less controversial sectors as test cases. Specifically, Carlos Gutierrez, deputy-elect from Cartago, suggested that the government should have opened the unpopular insurance monopoly ahead of the much more popular telecommunications and electricity monopoly, the Costa Rican Electricity Institute (ICE).

5. Comment: The current crop of ML deputies (2002-06) has played the role of spoiler in the Legislative Assembly, using the device of proposing hundreds of motions to effectively filibuster President Pacheco's fiscal reform package. We expect that the incoming group with which we met and which will take office on May 1 will take a different tack in the Arias administration, supporting Arias on CAFTA-DR and opening state monopolies in exchange for some moderation on the tax increases that Arias desires. ML party leader Otto Guevara (reftel), who hopes to be president in 2010, wants to show that his party can be more than the "party of no," but a serious, influential, and positive force in the legislature.  
LANGDALE